

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
001 APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED

FEB 03 2003

DIV. OF OIL, GAS &amp; MINING

Certification: I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route; that I am familiar with the conditions which recently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the proposed operations herein will be performed by Pendragon Energy Partners, Inc., its contractors and subcontractors, Pendragon Energy Partners, Inc. will operate the lease under Flood & Peterson Federal Bond UT1167. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

5. Lease Serial No.

UTU74407

6. If Indian, Allottee or Tribe Name

N/A

7. If Unit or CA Agreement, Name and No.

N/A

8. Lease Name and Well No.

Federal No. 14-17-10-18

9. API Well No.

43-047-33712

10. Field and Pool, or Exploratory

Uteland Butte

11. Sec., T., R., M. or Blk. and Survey or Area

Sec. 17, T10S, 18E, SLB&amp;M

SE SW Sec 17

12. County or Parish

Uintah

13. State

Utah

1a. Type of Work: ☒ DRILL☐ REENTER1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name Of Operator

Pendragon Energy Partners, Inc.

3a. Address

621 17th Street, Suite 750, Denver CO 80293

3 b. Phone No. (include area code)

303 296 9402

4. Location of Well (Report location clearly &amp; in accordance w/State requirements\*)

At Surface 2077' FWL 607' FSL, Sec 17 4421255 Y 39.93827  
At proposed prod zone 592364X -109.91896

14. Distance in miles and direction from nearest town or post office \*

See Topo Map "A" (Attached) Approximatley 30 miles from Myton, Utah

15. Distance from proposed\*  
location to nearest  
property or lease line, ft.  
(Also to nearest drlg. unit line, if any)

607' FSL

16. No. of Acres in lease

640

17. Spacing Unit dedicated to this well

40

18. Distance from proposed location  
to nearest well drilling, completed,  
applied for in this lease, ft.19. Proposed Depth  
4,900'

20. BLM/BIA Bond No. on file

UT1167

21. Elevations (Show whether D, KDB, RT, GL etc.)

5,230.8 GR

22. Approximate date work will start\*

ASAP

23. Estimated Duration

60 days

## 24. Attachments

The following, completed in accordance with the requirements of On shore Oil and Gas Order No.1 shall be attached to this form:

## Utah Engineering-attached

1. Well plat certified by a registered surveyor.

2. A Drilling Plan Exhibit B

3. A Surface Use Plan (if the location is on National forest System Lands, the  
SUPO shall be filed with the appropriate Forest Service Office).4. Bond to cover the operations unless covered by an existing bond on file (see  
item 20 above).

UT1167

5. Operator certification.

See Surface Use Plan

6. Such other site specific information and analysis as may be required by the  
authorized officer.

See Exhibits (attached)

25. Signature

Name (Printed /Typed)

John Luchetta

Date

12-31-02

Title

Agent

Approved by (Signature)

Federal Approval of this  
Action is Necessary

Name (Printed/Typed)

BRADLEY G. HILL

Date

02-05-03

Title

Off. ENVIRONMENTAL SCIENTIST III

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Conditions of approval, if any, are attached

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212 make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\* Instructions on reverse side

## Exhibits:

A: Survey Plat

B: 10-Point Plan

C: BOP Diagram

D: 13 Point Surface Use

E: Topo Map A

E2:Topo Map B

F: Location Layout

G: Rig &amp; Layout

G2:Cut &amp; Fill Diagram

H: Existing Well Map

K: Cultural report (To Follow)

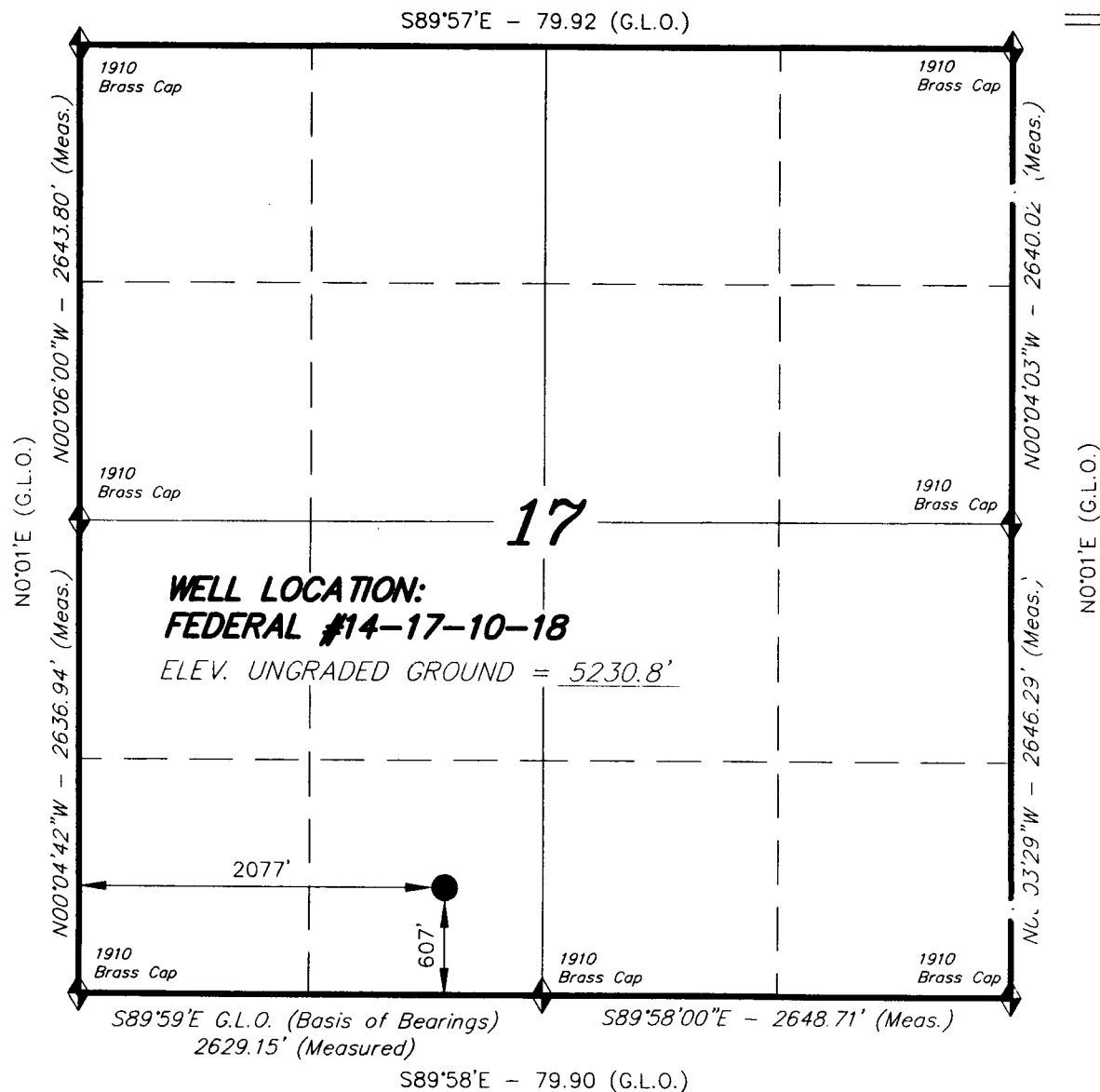
K1 Facilities

K2 Facilities

**T10S, R18E, S.L.B.&M.**

**PENDRAGON ENERGY PARTNERS, INC.**

WELL LOCATION, FEDERAL #14-17-10-18,  
LOCATED AS SHOWN IN THE SE 1/4 SW  
1/4 OF SECTION 17, T10S, R18E,  
S.L.B.&M. UTAH COUNTY, UTAH.



THIS IS TO CERTIFY THAT THE ABOVE MAP WAS  
PREPARED FROM FIELD NOTES OF ACTUAL SURVEY  
MADE BY ME OR UNDER MY SUPERVISION AND THAT  
THE SAME ARE TRUE AND CORRECT TO THE BEST OF  
MY KNOWLEDGE AND BELIEF.

REGISTERED LAND SURVEYOR  
No. 189377  
STACY W. STEWART  
REGISTERED LAND SURVEYOR  
REGISTRATION No. 189377  
STATE OF UTAH

**TRI STATE LAND SURVEYING & CONSULTING**  
38 WEST 100 NORTH - VERNAL, UTAH 84078  
(435) 781-2501

SCALE: 1" = 1000'	SURVEYED BY: K.G.S.
DATE: 12-11-02	DRAWN BY: R.V.C.
NOTES:	FILE #

◆ = SECTION CORNERS LOCATED  
BASIS OF ELEV; U.S.G.S.  
7-1/2 min QUAD (CROW KNOLL)

**FEDERAL #14-17-10-18 (NAD 83)**  
LATITUDE = 39° 56' 18.15"  
LONGITUDE = 109° 55' 09.57"

**EXHIBIT "B" —  
PROPOSED DRILLING PROGRAM**

**ONSHORE ORDER NO.1  
Pendragon Energy Partners, Inc.  
Uteland Butte Federal #14-17-10-18  
SE-SW Sec 17 -T10S - R18E SLB & M  
Uintah County, Utah**

**OIL & GAS ORDER NO.1 (APPROVAL OF OPERATIONS ON  
ONSHORE, FEDERAL AND INDIAN OIL AND GAS LEASES ).**

All lease and/or unit operations will be conducted in a manner so that full compliance is made with the applicable laws, regulations (CFR 43, Part 3160) and the approved Application for Permit to Drill. The operator assumes full responsibility for the actions of its contractors and subcontractors. A copy of the approved APD will be on location during construction, drilling and completion operations.

The applicant does not warrant or certify that it holds legal or equitable title to those rights in the subject lease which would entitle operations thereon to proceed.

<b>1. ESTIMATED FORMATION TOPS : (Elevation – 5230')</b>			
<b>FORMATION</b>	<b>DRILLED (ft) SUBSEA</b>		<b>PORE PRESSURE (psi/ft)</b>
<b>Green River</b>	<b>1,350</b>	<b>+3,881</b>	<b>Normal</b>
<b>Wasatch Tongue of Green River</b>	<b>4,650</b>	<b>+ 581</b>	<b>Normal</b>
<b>Total Depth</b>	<b>5,000</b>	<b>+ 231</b>	<b>Normal</b>

\* Offset pressure data supports pore pressure gradient @ 0.42 psi/ft.

**2. ESTIMATED DEPTH OF OIL, GAS, WATER OR OTHER MINERALS:**

SUBSTANCE	FORMATION	DEPTH (ft)
Water	None anticipated	
Gas	None	
Oil	Green River	4,600 – 4,900'

**3. PRESSURE CONTROL EQUIPMENT & SPECIFICATIONS :**

- **Anticipated maximum surface shut-in pressure gradient:**
  - .  $P_s = BHP - (0.22 * 4,900) = (0.42 * 4,900) - (0.22 * 4,900) = 980 \text{ psi.}$
  - . If a pressure anomaly occurs, API pressure control methods will be immediately imposed.
  - . Drilling fluid density materials will be available on location.
  - . Poison gas is not known to exist in the area.
- **BOP EQUIPMENT:** (See Exhibit "C")
  - . Type: Nominal 10" hydraulic double ram, 2,000 psi working pressure.
  - . Ram type preventers shall be installed after the prescribed WOC time has expired. The casing will be cut off and a weld-on companion flange fastened.
  - . Pipe & blank rams will be used.
  - . The BOP will be inspected, operated daily and on trips with the drill string. All tests will be recorded on the daily drilling log.
- **CHOKE MANIFOLD EQUIPMENT:** ( See Exhibit "C")
  - . The hydraulic closing unit will be located @ least 100' upwind from the BOP stack.
  - . A remote BOP closing unit will be positioned near the driller's operating station.

- . Burst pressure rating – 2,000 psi.
- . The choke manifold, BOP extension rods and hand wheels will be located outside the substructure.
- . The kill line will be 2" nominal rated @ 2,000 psi.
- **BOP TESTING:**
  - . Upon installation.
  - . If any seal subject to pressure is broken.
  - . Every 30 days if drilling operations continue beyond anticipated 10 days.
  - . A test plug will not be used since testing can be accomplished w/o exposing surface casing to excess pressures (70% of internal yield).

<b>4. TEST PRESSURES AND OTHER SPECIFICATIONS ANTICIPATED:</b>
--

UNIT	PROPOSED TEST PRESSURE (psi)
Pipe rams	2,000
Blind rams	2,000
Manifold	2,000
Surface casing	1,500 (or .70 x rated burst)
Floor valve	2,000
Annular	2,000

- . Upper & lower kelly cock will be maintained in the drill string.
- . Drill string float will not be used.
- . The floor valve will be available in the open position @ all times and will be operated daily.
- . BLM agent will be notified at least 24 hours before all BOP tests.
- . BOP & pressure control drills will be conducted.

<b>5. PROPOSED CASING &amp; CEMENTING PROGRAM:</b>								
PROPOSED CASING	HOLE SIZE	CASING SIZE	TOP OF SECTION (ft)	SECTION LENGTH (ft)	PHYSICAL DATA	Pressure Rating (psi)		Cement Top
						Burst	Collapse	
Conductor	17 ½"	16"	0	60	Steel			Surface.
Surface	12 ¼"	8 5/8"	0	250	24# J55 STC	2,950	2,210	Surface
Production	7 7/8"	5 ½"	0	5,000'	15.5# J55 STC	4,800	4,040	NA

Note: All casing will be new.

• **CASING SPECIFICATIONS AND CONDITIONS:**

- . Stage cementing is not anticipated.
- . The production casing will be tested @ 2,000 psi or 70% of minimum yield for a period of 30 minutes with not more than 10% drop.
- . Formation Pore Pressure (from offset pressure data) -- 0.420 psi/ft.
- . Formation Fracturing Gradient ----- 0.700 psi/ft.
- . Mud Density (Max lbs/gal) ----- 9 ppg @ 5,000'.
- . Collapse ----- 1.120.
- . Burst ----- 1.000.
- . Tension ----- 1.800.
- . Casing joints will be torqued according to API standards.
- . Three centralizers will be placed on collars of the bottom 3 joints (Surface and Intermediate casing).
- . A centralizer will be placed on each collar through production zones and every joint 300' above and below production zones (Production casing).

• **CEMENTING PROGRAM:**

- . CONDUCTOR CASING: Cement to surface w/ ready mix.

. **SURFACE CASING:** Cement to surface w/150 cuft “Lite” tailed w/100 cuft premium.

. **PRODUCTION CASING:** Will be cemented from TD to 600’ above the water sand @ approximately 3,500’ (or as indicated by logs).  
zone. Volume of cement will be determined from caliper log.

<b>6. PROPOSED DRILLING FLUID SPECIFICATIONS:</b>					
<b>DEPTH INTERVAL</b>	<b>TYPE</b>	<b>DENSITY Lbs/gal</b>	<b>VISCOSITY</b>	<b>FLUID LOSS</b>	<b>MAKE UP WATER</b>
<b>0 - 250’</b>	<b>Gel</b>	<b>8.7 – 9.0</b>	<b>26-40</b>	<b>NC</b>	<b>Fresh</b>
<b>250’ - TD</b>	<b>Gel</b>	<b>8.4 – 9.0</b>	<b>26-50</b>	<b>NC</b>	<b>KCl Water</b>

• **OTHER DRILLING FLUID SPECIFICATIONS AND CONDITIONS:**

- . LCM will be present on location @ all times during drilling.
- . Fluids parameters to be measured daily - density, viscosity, fluid loss, pH, solids, chlorides, bicarbonate and carbonates.
- . Concentration of hazardous substances in the reserve pit will not exceed standards set forth in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA).
- . Oil & gas related CERCLA hazardous waste substances will be removed from location and will be disposed of according to EPA approved methods.

**7. EVALUATION OF OPERATIONS WHILE DRILLING:**

• **MUD MONITORING SYSTEMS (Swaco):**

- . Pit level indicator, flow sensor w/alarms, PVT and stroke counter will not be used.
- . A trip tank will not be used.
- . Gas detection equipment (mud logger) will not be used.
- . A mud-gas separator will be used.

- **DRILL STEM TESTS:** None anticipated.

- . If it becomes necessary to conduct a drill stem test, initial opening of the test will be restricted to daylight hours.
- . If a test is initiated during daylight hours, it will be allowed to continue assuming OSHA considerations are strictly met.
- . The DST string will not be pulled out of the hole after dark unless recovered fluids have first been reverse circulated to a suitable closed steel tank placed at least 100' down wind from the wellhead.
- . Smoking will not be allowed on the rig floor or within 100' upwind from the rig floor during test operations.
- . Only rig engines will be allowed to run during testing. All others will be moved at least 100' upwind from the rig floor.

- **LOGGING PROGRAM:**

- . The following open hole logs are anticipated:

**Run #1 @ TD**

- (1) GR - DLL ----- TD to base of Surface casing.
- (2) CNL - Density - Caliper --- TD to 3,500' (Or minimum run).

- . The following cased hole logs are anticipated:

- (1) GR-CCL ----- PBTD to 500' above the pay zone.
- (2) CBL (Cement Bond Log) ----- PBTD to cement top.

- **SAMPLING PROGRAM:**

- . 250 to +/- 4,000' ----- 30' samples will be collected.
- . 4,000' to TD ----- 10' samples may be collected as necessary.

**CORING:** Not anticipated.



## 8. ANTICIPATED PORE PRESSURES & HAZARDOUS MATERIALS:

- PORE PRESSURE:
  - . In the surface hole – normal to subnormal pressures are anticipated.
  - . In the Green River – normal to subnormal pore pressures are anticipated (0.420 psi per ft.).
- HAZARDOUS MATERIALS: None anticipated.

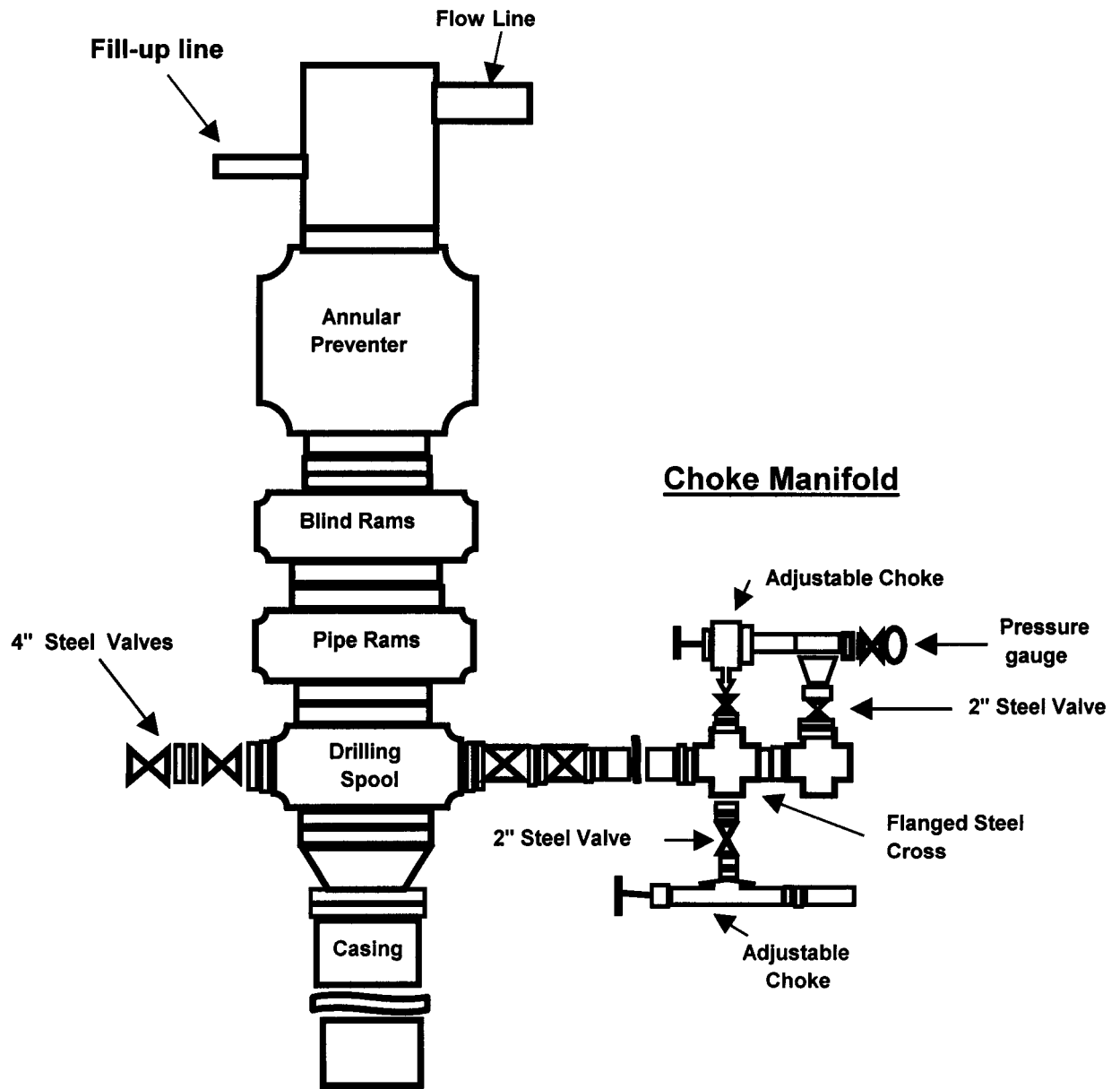
## 9. OTHER INFORMATION, NOTIFICATION & REPORTING:

OPERATION	DATE OR ANTICIPATED TIME
Proposed start time	Feb 1, 2003
Drill pad & road construction time	2 - 4 days
Drilling operations & formation evaluation	8 - 10 days
Completion & testing time	5 - 10 days
Facilities installation	5 - 10 days
Initial restoration start time	180 days or as weather permits
Final restoration time	5 - 10 days

- INFORMATION & REPORTING PLAN:
  - DRILLERS LOG:
    - . BOP, manifold, casing pressure tests - as done.
    - . BOP mechanical test – as done.
    - . Blowout prevention drills – as done.
    - . Casing installation & cementing – as done.
    - . WOC time – as done.
    - . Incidents of lost circulation or pressure anomalies – as occurs.
  - REGULATORY REPORTING :
    - . Notification of location construction - 24 hours prior to start up.
    - . Notification of spud – prior to spud and/or within 48 hours after.

- . **Notification of BOP test – at least 24 hours prior to testing.**
- . **P&A - the Vernal Resource Office will be contacted prior to plugging .**
- . **Form 3160-4 - monthly.**
- . **Form 3160-5 - within 30 days after P&A or completion of the well.**
- . **Facilities diagram – as required by CFR 43 Part 3162.7-2 and 3162.7-4.**
- . **Undesirable events will be reported as specified in NTL-3A.**  
**Major events will be reported verbally within 24 hours. Minor events will be reported within 15 days. Other events will be reported in the monthly report of operations.**

## Exhibit C



### BOP and Manifold

Specifications meet 43 CFR, Parts 3160  
Design Series 600, 2000 psi rating

**EXHIBIT "D"**  
**PROPOSED SURFACE USE PROGRAM**

**ONSHORE ORDER NO. 1**  
**PENDRAGON ENERGY PARTNERS, INC.**  
**DESERT SPRING FEDERAL #14-17-10-18, SE SW Sec 17-T10S-R18E**  
**Uintah County, Utah**

- **SURFACE OWNER (BLM)**
- **SURFACE LOCATION: (See Exhibit "A"). SE SW Sec 17-T10S-R18E.**
- **Distance : 29.9 miles from Myton, Utah (See Exhibits "E").**
- **Directions to location: South from Myton 12.5 miles to Castle Peak then 6.8 miles to Sheep Creek then 8.6 miles to lease road then 0.4 miles to well site.**

**1. EXISTING ACCESS ROADS: (See maps "A" & "B")**

- **All existing access roads will be maintained as is with repairs or maintenance as needed.**
- **No improvements or changes to existing roads are anticipated.**
- **Map "A" is the vicinity map showing access routes from Myton, Utah.**
- **Topo Map "B" shows the proposed access road to the pad.**
- **Occasional maintenance blading and storm repairs will keep roads in good condition.**
- **There shall be no mud blading on the access road. Vehicles may be towed through the mud provided they stay on the roadway.**
- **All road construction and maintenance will conform to standards identified in "Surface Operating Standards for Oil and Gas Exploration and Development" (Gold Book) U.S. Department of the Interior-BLM and U.S. Department of Agriculture-Forest Service; January 1989.**

**2. ACCESS ROADS TO BE CONSTRUCTED:**

- **Road Specifications For Drilling Operations:**

- . Approximately 2,210' of new road construction will be required.
- . Width – maximum 30-foot overall right-of-way with an 18-foot running crown & ditched and/or sloped and dipped.
- . Construction standard – the access road will be constructed to standards normal to the area with anticipated traffic flow and weather requirements considered. Ditching, crowning, capping, sloping, and dipping will be done to provide a safe roadway.
- . Off-road travel of the 30 foot right-of-way will not be allowed.
- . Road drainage crossings – will be designed so they will not cause siltation or the accumulation of debris. Erosion will be prevented by properly designed cutouts.
- . Upgrading – will not be allowed during muddy conditions. Mud holes will be repaired as they occur.
- . Maximum grade – will be less than 8%.
- . Drainage design – as stated above.
- . Turnouts – none anticipated.
- . Culverts – none anticipated.
- . Surface materials – any materials if required will be purchased from a local supplier having a permitted source.
- . Gates, cattle guards or fence cuts – none required.
- . The proposed access road has been centerline flagged.

- . Dust will be controlled on the roads and location by periodic watering.
- . A road design plan will be submitted upon completion for production.

### 3. EXISTING WELLS WITHIN 1 MILE:

- Locations ----- Two (#9-17-10-18 & 2-20-10-18)
- Water wells ----- None.
- Disposal wells ----- None.
- Drilling ----- None.
- Producing wells ----- One (#20-1 )  
See Exhibit H).
- Injection ----- None.
- Dry holes ----- None.
- Gas Wells ----- None.

### LOCATION OF EXISTING PRODUCTION FACILITIES.

- Existing Facilities:
  - . Tank batteries ----- @ Federal 1-20.
  - . Production facilities ----- As above.
  - . Gathering lines ----- As above.
  - . Injection or disposal lines ----- None.

Note: See Exhibit H – Map of Existing Wells

- **Proposed new facilities to be installed:**
  - **A facilities diagram will be provided in the event oil production is established and will outline the following:**
    - a. **Proposed location and attendant lines – will be flagged if off the well pad.**
    - b. **Dimensions of the layout.**
    - c. **Construction methods and materials.**
    - d. **Protective measures and devices to protect livestock and wildlife.**
    - e. **Pipelines – will be buried a minimum of 3-feet except at road crossings which will be buried 4-feet.**
    - f. **Road and pipeline will be restricted to 50-feet of disturbance. Vehicular travel will be restricted to that necessary to service drips and the need to use valves.**
    - g. **Only native materials will be used. If necessary appropriate materials will be purchased from private or commercial sources.**
    - h. **A dike to contain the volume of the largest tank + 10% will be constructed around the facility.**
    - i. **All above ground facilities will be painted a flat non-reflective, earthtone color (Carlsbad Canyon – 2.5Y 6/2) as determine by the Five State Rocky Mountain Interagency Committee within six months of installation except where OSHA regulations require safety approved colors.**

<b>4. LOCATION OF WATER SUPPLY TYPE &amp; OWNERSHIP:</b>
--

**Owner:** Water source: Spring. Nebeker Trucking. Permit #43-1723.

**Location:** Sec 34 T3S-R2W, USM.

**Method of transportation:** Trucking operated by Nebeker Trucking, Permit No. 43-1723.

**6. SOURCE OF CONSTRUCTION MATERIALS:**

- No construction materials are anticipated for drilling operations.
- If commercial production is indicated small amounts of gravel materials will be trucked from local gravel pits over existing roads.
- No materials from Indian or federal lands will be disturbed.

**7. METHODS FOR HANDLING WASTE DISPOSAL:**

- Drilling fluids – including salts and chemicals will be contained in the reserve pit. Upon termination of drilling and completion operations, liquid contents of the reserve pit will be removed and disposed of in an approved disposal facility within 90 days. In the event adverse weather conditions prevent removal of the fluids from the reserve pit within this time period, an extension may be granted by the Authorized Officer upon receipt of a written request.
- The reserve pit will be constructed to prevent any discharge to the surroundings or underlying formations. If necessary the pit will be lined with a 12 mil plastic liner.
- Produced fluids:
  - Liquid hydrocarbon produced during completion operations will be placed in test tanks on location and transferred to the production facility when it is ready for use. After completion and testing operations are complete production will be routed through buried pipelines to be processed in the newly constructed facility
  - Waste water produced into a test tank or the reserve pit during completion and testing operations will be removed to an approved disposal facility within 90 days. In accordance with Onshore Order #7 an application for a permanent disposal method and site will be submitted for the Authorized Officer's approval.
  - Spills of oil, gas, salt water or other noxious fluids will be immediately removed to an approved disposal site.



- . **Used motor oil** will be stored in closed containers and disposed of at an authorized disposal site.
- . **Trash pit** will be constructed and totally enclosed with fine mesh wire to prevent scatter. No trash will be directed to the reserve pit. The contents of the pit will be disposed of in a WDEQ approved sanitary landfill.
- . **Test tanks** will be moved in if such becomes necessary for an impending drill stem test or during completion testing.
- . **Steel drilling fluids tanks** will be part of rotary drilling equipment (approximately 1,000 bbl capacity).
- . **Flare pit** will be located a minimum of 120' down wind from the well bore if needed.
- . **Human wastes** will be contained in portable chemical toilets. Upon completion of operations, the holding tanks will be removed by the sanitation contractor. Disposal will be in conformance with Utah Department of Environmental Quality (UDEQ).
- . **Drill cuttings** will be transferred over shale shaker equipment to the reserve pit. After drilling and completion operations are completed, excess liquids will be removed to disposal and drill cuttings will be buried in the reserve pit per approved pit restoration procedures.
- . **Garbage and trash** collected in the trash pit during restoration proceedings will be removed to an approved disposal facility.
- . **Sewage** collection units installed prior to drilling start up will be serviced daily.
- . **Hazardous materials** the operator will comply with all applicable Federal laws and regulations existing or hereafter enacted. EPA's consolidated list of chemicals is subject to reporting under Title III of the Superfund amendments and Re-authorization Act (SARA) of 1986, as identified (EPA's list of extremely hazardous substances as defined in 40 CFR 355, as amended). Substances that may be used in the project are as follows:

USE	CHEMICAL	CAT (2)	EHC (3)
Stimulation	Acid	None	None
Mud	AlSi	None	None
Mud	BaSo4	None	None
Mud	CaOH	None	None
Increase vis	HMW add	None	None
Cement	Insol Ca Salt	None	None
Mud	Caustic	None	None
Mud/Cement	None	None	None
Mud/Cement	None	None	None
Mud/Cement	None	None	None
Set casing	Lime	None	None
Thinner	None	None	None
Mud	None	None	None
Fuel	Benzene	RCRA	None
Mud	None	None	None
None	None	None	None
Mud/Cement	None	None	None
Mud	None	None	None
Mud	None	Fiber	None
Mud	Ca	None	None
Mud (LCM)	Fiber	None	None
Lubricant	Zinc	None	None
Fuel	None	None	None
None	None	None	None
Maintenance	Lead	Fine Min	None
Mud	None	None	None
Mud (LCM)	Fiber	None	None

#### 8. ANCILLARY FACILITIES:

- Airstrips: None
- Camp: Two portable units will be on location:
  1. Toolpusher's living quarters.
  2. Company supervisor's living quarters.

**9. WELL SITE LAYOUT: (See Exhibit "G")**

- **Location orientation:**
  - **Top soil:** Approximately 6 inches will be stripped from the surface including areas of cut and fill. Topsoil and subsoil will be stockpiled for future reclamation requirements. The stockpiles will be seeded as required by the BLM.
  - **Location Size:** 170' x 290'.
  - **Reserve pit size:** 110' x 70 x 8'.
  - **Pit liner** – 12 mm plastic if needed.
  - **Pit fencing:** Three sides will be fenced prior to drilling . The fourth side will be fenced after drilling equipment is removed from the well site. Fencing materials will consist of 39-inch wire with at least one strand of barbed wire on top of the net wire placed no more than 3-inches above the net wire. The net wire will be no more than 3-inches above the ground. Corner posts will be cemented and braced to impose a tight fence. Standard steel, wood or pipe posts will be placed on 16' centers. All wire will be stretched with a stretching devise.
- **Rig layout: (See Exhibit "G").**
  - **There may be two temporary living quarters on location during drilling operations.** These will be occupied by the rig superintendent and company representatives.
- **Production facilities:**
  - **A diagram showing proposed production facilities will be submitted to the Authorized Officer via Sundry Notice (Form 3160-5) after completion and testing is finished.**

**10. PLANS FOR RECLAMATION OF THE SURFACE:**

- **Due to drilling and completion:**
  - **The rat hole, and mouse hole will be filled and compacted from bottom to top immediately upon release of the drilling rig.**

- . Floating hydrocarbons etc will be removed as soon as possible after drilling operations are complete in accordance with 43 CFR 3162.7-1.
- . Drill cuttings and mud will remain in the reserve pit until dry. The reserve pit will not be "squeezed", "crowded" or "cut". When the reserve pit is reclaimed, at least three feet of earth will be placed on top of the drilling fluids and cuttings.
- . If the reserve pit does not dry within the prescribed time, alternate methods will be investigated.
- Dry hole (Commercial production not established):
  - . A Notice of Intent to Abandon will be filed . Final recommendations for surface reclamation will be specified by the BLM.
  - . The drill site will be restored to its original condition.
  - . The wellbore will be P&A'd according to the approved program.
  - . An approved marker will be positioned as directed.
  - . Spoil will be replaced to original conditions.
  - . Top soil will be replaced and smoothed.
  - . If necessary, water bars will be constructed according to BLM Conditions of Approval.
  - . All disturbed surface under the jurisdiction of the BLM will be seeded using the following mixtures:

SPECIES OF SEED	VARIETY	LBS/ACRE	PLS
Western wheat grass		4	
Green needle grass		4	
Stream ban wheat grass		3	
Blue bunch wheat grass		3	
Oats		1	
PLS formula	% germination * % purity	x	100%

- **Seeding Procedure:**

- . The BLM designated Authorizing Officer will be notified prior to seeding operations.
  - . The seed will be applied with a regulator equipped drill.
  - . Planting depth shall not exceed  $\frac{1}{2}$  ".
  - . If possible, seeding will be done in the months of September or October, providing all preliminary work is done by that time.
  - . Where drilling is not possible, the seed will be broadcast and the area raked or chained to cover the seed.
  - . Seeding will be repeated until a satisfactory stand, as determined by the BLM Authorized Officer, is established.
  - . Where seed is broadcast, the mixture will be doubled.
  - . There will be no primary or secondary noxious weeds in the mix.
  - . Seed will be tested for purity and germination. Viability testing of seed will be done in accordance to state law 9 months prior to purchase or sooner.
  - . Commercial seed will be certified.
  - . The seed mixture container will be tagged in accordance with Utah state law. Copies of seed test results and certification will be forwarded to the BLM.
  - . Weeds will be controlled on disturbed areas within the exterior limits of the permit.
- **In the event production is established:**
    - . Those areas not required for production will be re-contoured and the cut and fill slopes will be reduced to 4:1, if applicable.
    - . Topsoil will be distributed evenly and seeded as above.
    - . All topsoil stockpiles will be seeded with annual ryegrass.

- If a plastic or nylon reinforced pit liner is used, it will be torn and perforated before backfilling of the reserve pit.
- Prior to restoration of the reserve pit, it will be completely dry and all cans, barrels, pipe etc. will be removed. Other waste materials will be disposed of immediately upon completion of drilling and completion activities.
- The flare pit and that portion of the access road not needed for production facilities or operations will be reclaimed within ninety days from the date of completion.
- The access road will be upgraded and maintained as needed for production operations.
- Pesticide use:
  - The use of pesticides will comply with federal and state laws governing its proper use, storage, and disposal.
  - The use of pesticides will occur within limitations imposed by the Secretary of the Interior.
- All procedures listed above for a dry hole will also be applied to a well completed for production as follows:
  - A facilities diagram and plan will be submitted for approval.
  - Flowline route will be outlined on a suitable map of the area.
  - Produced water will be temporarily disposed of in the reserve pit according to Onshore Order No 7 (90 day limit).
  - If more time is needed, an extension will be requested.
  - Sundry notice form 3160-5 (Application for permanent disposal) will be filed if necessary.

## 11. SURFACE OWNERSHIP:

- Name: BLM
- Address: Vernal, Utah

**12. OTHER INFORMATION:**

**A. General description: Utah grazing and ranch land.**

**B. Surface use activities: Cattle grazing and other typical ranch activity.**

**C. Proximity of water, occupied dwelling, archaeological or paleontological sites:**

- 1. The majority of the numerous washes and draws in the area are of a non-perennial nature, flowing during the early spring run-off and heavy rain storms.**
- 2. The flora of the area includes pinion and juniper trees, sagebrush, greasewood, four-wing saltbush, cheatgrass, gambel scrub oak, willow, tamarack, shadscale, indian ricegrass, wheatgrass, curly grass, crested wheatgrass, foxtail, russian thistle, kochia, and cacti.**
- 3. Fauna includes cattle, horses, elk, deer, coyotes, rabbits, rodents, lizards, bull snakes, rattle snakes, water snakes and horned toads. Birds include ground sparrows, bluejays, bluebirds, magpies, ravens, raptors, morning doves, swallows, nighthawks, hummingbirds and chukar.**
- 4. The nearest live water is the Green River.**
- 5. There are no dwellings in the area.**
- 6. An archaeological survey has been completed and mailed to the BLM under separate cover. No significant archaeological or historical cultural sites were found.**
- 7. There are no reported restrictions or reservations note on the oil and gas lease.**

**13. OPERATOR'S REPRESENTATIVES AND CERTIFICATION:**

	<b>ADDRESS</b>	<b>PHONE #</b>	<b>FAX #</b>	<b>HOME #</b>
Al Nicol	621 17 <sup>th</sup> Street, Suite 750 Denver, CO 80293	303 296 9402	303 296 9410	303 425 4115
John Luchetta	2020 Foothills Rd. Golden, CO 80401	303 278 3347	303 278 9506	303 278 3347

**14. GOVERNMENT CONTACTS:**

	<b>ADDRESS</b>	<b>PHONE #</b>	
Stanely R. Olmstead	170 South 500 East Vernal, Utah	435 781 4400	435 781 4410

- Certification:**

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the proposed operations herein will be performed by Pendragon Energy Partners, Inc. , its contractors and subcontractors. Pendragon Energy Partners, Inc. will operate the lease under BLM Bond No. UT1167. This statement is subject to the provisions of rule 18 U. S. C. 1001 for the filing of a false statement.

A complete copy of the approved Application for Permit to Drill will be furnished to the operator's field representative to ensure compliance and will be on location during all construction, drilling and completion operations.

Please be advised that Pendragon Energy Partners, Inc. is considered to be the operator of Well No. 14-17-10-18 SE SW Sec , T10S, R18E; Lease Uteland Butee ; Uintah County, Utah; and is responsible under the terms and conditions of the lease.

**Jan 10, 2003**  
Date



**Pendragon Energy Partners, Inc.**  
**John Luchetta, Agent**



**PENDRAGON**  
**ENERGY PARTNERS INC.**



**Federal #14-17-10-18**  
**SEC. 17, T10S, R18E, S.L.B.&M.**



 **Tri-State**  
*Land Surveying Inc.*  
(435) 781-2501  
180 North Vernal Ave. Vernal, Utah 84078

SCALE: 1 = 100,000  
DRAWN BY: R.A.B.  
DATE: 12-13-2002

### Legend

 Existing Road  
 Proposed Access

TOPOGRAPHIC MAP

**"A"**



**±1.6 mi.**

**Proposed  
Access ±2,210'**

**Proposed Location**  
**Federal #14-17-10-18**

£1.1 mi.

**±1.2 mi.**

**PENDRAGON**  
**ENERGY PARTNERS INC.**


**Federal #14-17-10-18**  
**SEC. 17, T10S, R18E, S.L.B.&M.**




*Tri-State*  
*Land Surveying Inc.*  
(435) 781-2501  
180 North Vernal Ave. Vernal, Utah 84078

SCALE:	1" = 2,000'
DRAWN BY:	R.A.B.
DATE:	12-13-2002

**Legend**

 Existing Road

 Proposed Access

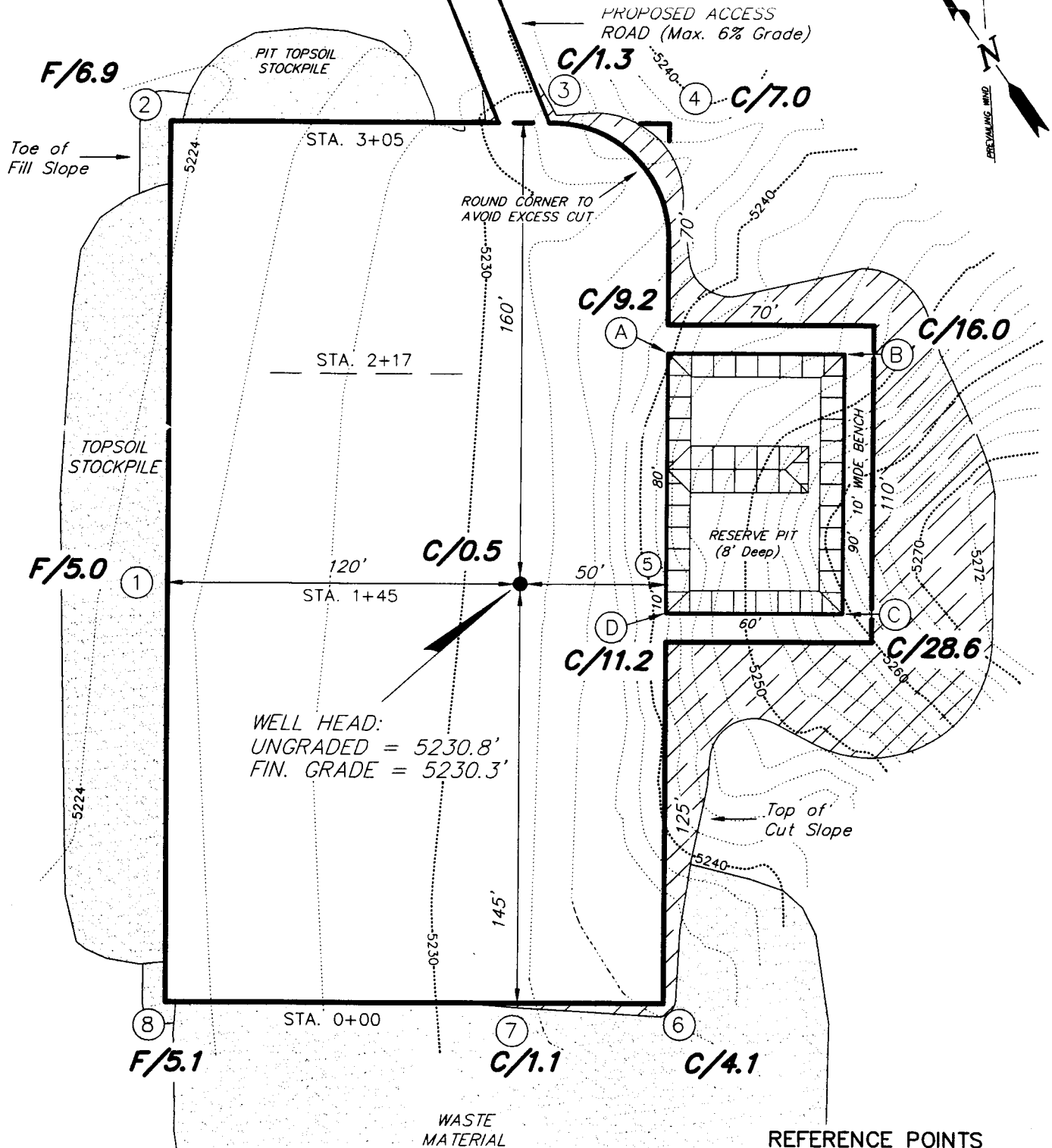
# TOPOGRAPHIC MAP

**"B"**



# PENDRAGON ENERGY PARTNERS, INC.

FEDERAL 14-17-10-18  
SEC. 17, T10S, R18E, S.L.B.&M.



## REFERENCE POINTS

210' NORTHEAST 5232.7'  
260' NORTHEAST 5245.1'  
170' NORTHWEST 5222.4'  
220' NORTHWEST 5221.5'

SURVEYED BY: K.G.S.

SCALE: 1" = 50'

DRAWN BY: R.V.C.

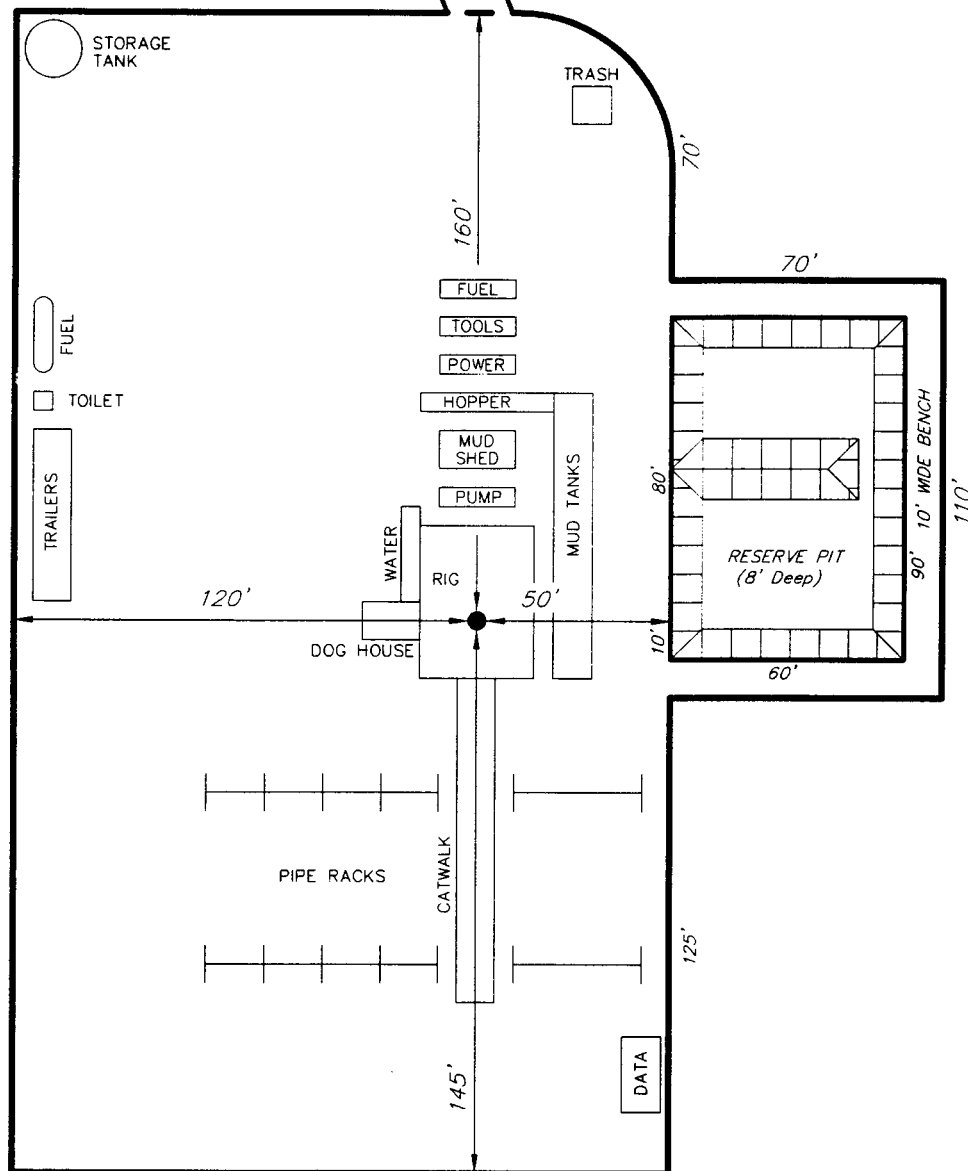
DATE: 12-11-02

**Tri State**  
Land Surveying, Inc.  
(435) 781-2501  
180 NORTH VERNAL AVE. VERNAL, UTAH 84078

# PENDRAGON ENERGY PARTNERS, INC.

## TYPICAL RIG LAYOUT

### FEDERAL 14-17-10-18



SURVEYED BY: K.G.S.

SCALE: 1" = 50'

DRAWN BY: R.V.C.

DATE: 12-11-02

**Tri State**  
Land Surveying, Inc.

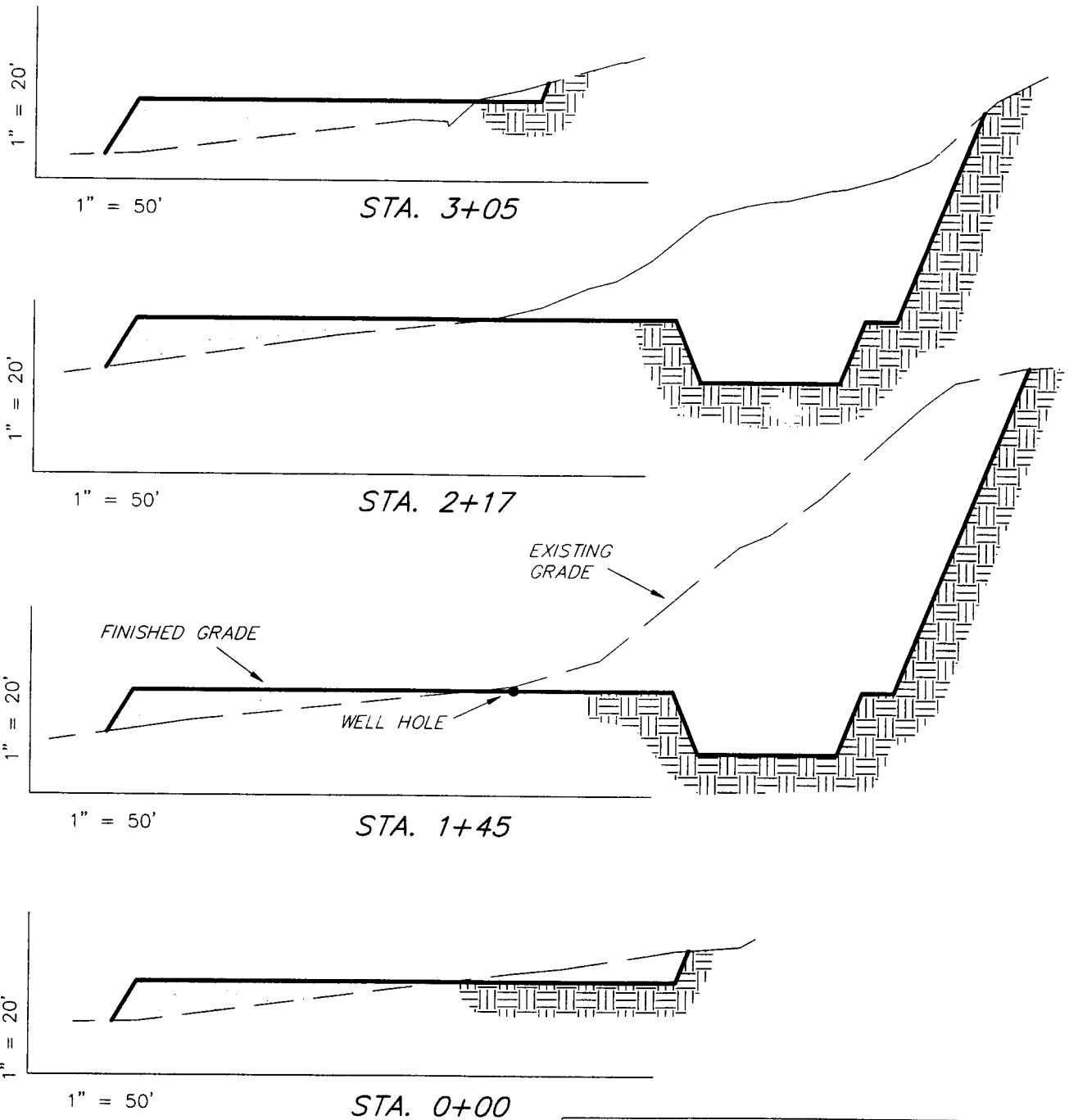
(435) 781-2501

180 NORTH VERNAL AVE. VERNAL, UTAH 84078

# PENDRAGON ENERGY PARTNERS, INC.

## CROSS SECTIONS

### *FEDERAL 14-17-10-18*



NOTE:  
UNLESS OTHERWISE NOTED  
ALL CUT/FILL SLOPES ARE  
AT 1.5:1

#### ESTIMATED EARTHWORK QUANTITIES

(Expressed in Cubic Yards)

ITEM	CUT	FILL	6" TOPSOIL	EXCESS
PAD	10,890	4,230	Topsoil is not included in Pad Cut	6,660
PIT	1,170	0		1,170
TOTALS	12,060	4,230	1,150	7,830

SURVEYED BY: K.G.S.

SCALE: 1" = 50'

DRAWN BY: R.V.C.

DATE: 12-11-02

**Tri State**  
Land Surveying, Inc.  
180 NORTH VERNAL AVE. VERNAL, UTAH 84078  
(435) 781-2501

R 17 E

R 18 E

**Explanation**

- ☼ Producing Gas Well
- Producing Oil Well
- Proposed Location
- ⊕ Old Dry Hole

**Leasehold**

Pendragon/Shenandoah  
25/25 W. I.

Pendragon/Shenandoah  
50/50 W. I.

T  
10  
S

Scale: 1 1/2" = 1 Mile

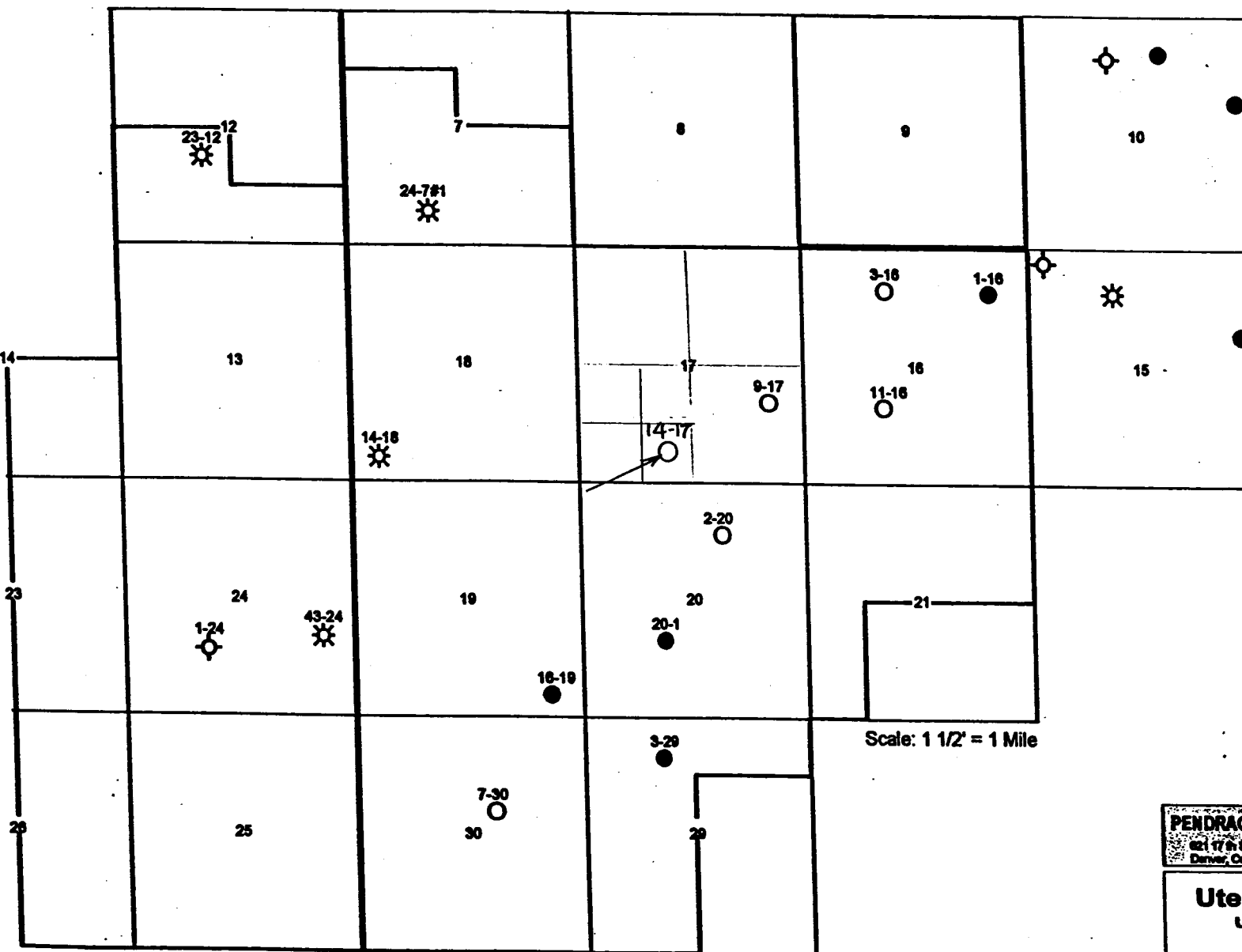
**PENDRAGON ENERGY PARTNERS, INC.**  
921 17th Street, Suite 700 • Denver, Colorado 80202 USA  
Tel: 303.298.9402 • Fax: 303.298.9410

**Uteland Butte Field**  
Uintah County, Utah

ABN

10/02

Exhibit H



R 17 E

R 18 E

**PENDRAGON ENERGY PARTNERS, INC.**  
**Site Security Diagram**  
**Desert Spring 20-1**  
**NESW Sec. 20, T10S, R18E**  
**Lease #UTU74836**  
**Uintah County, Utah**

- 1 - Wellhead
  - 2 - Pumping unit & engine
  - 3 - Flow line bundle\*
  - 4 - Propane tank
  - 5 - Line heater
  - 6 - Pit tank
  - 7 - welded steel production tanks
  - 8 - Sales line
- \*Oil production, gas, glycol trace and water drains are all in the bundle.

- V1 - Production valve for oil tank #1
- V2 - Production valve for oil tank #2
- V3 - Sales valve for oil tank #1
- V4 - Sales valve for oil tank #2

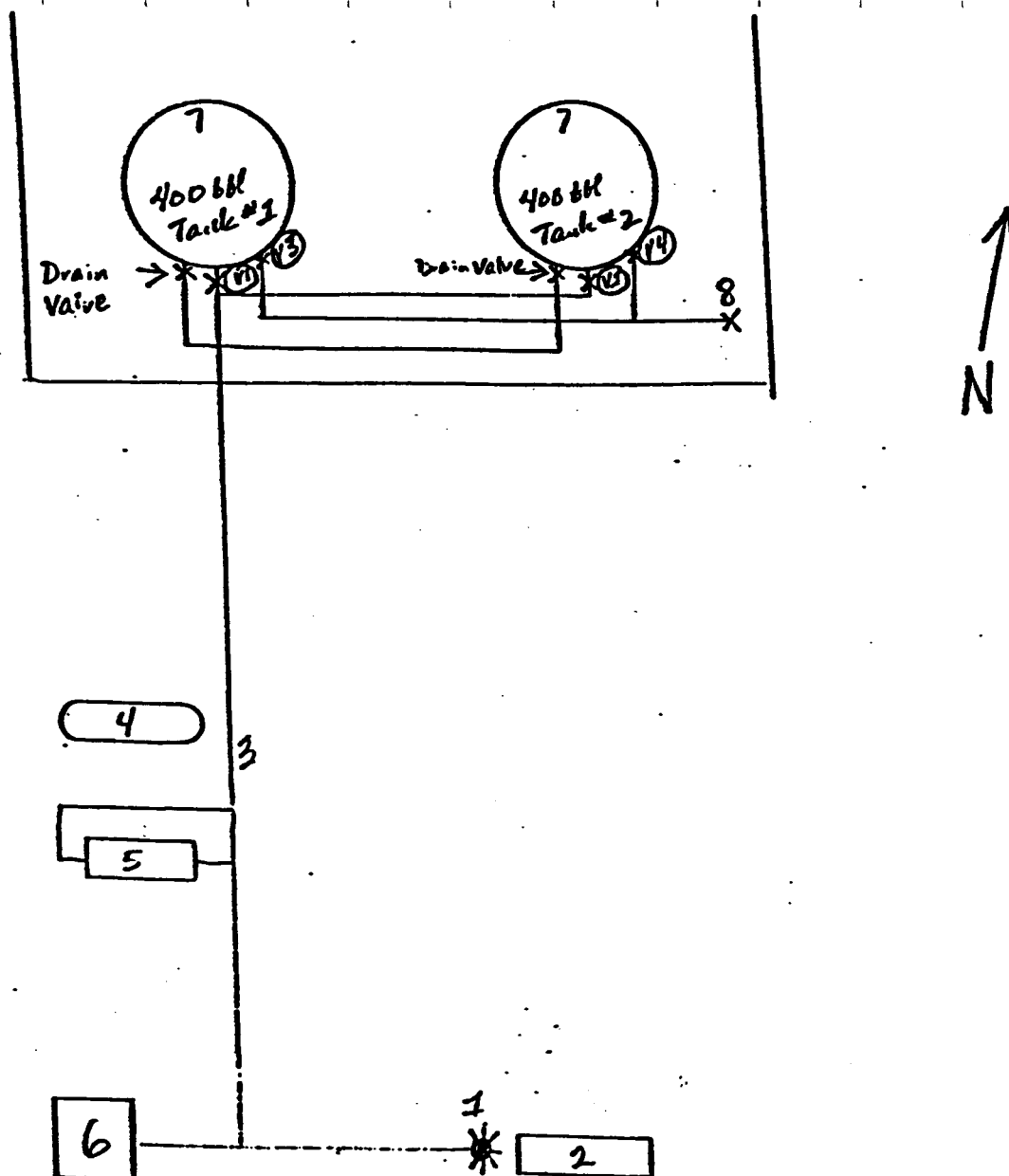
**Normal Operations:**

Tank #1 - Prod. Phase	OP	CL	CL	O/C
Sales Phase	CL	OP	OP	CL
Tank #2 - Prod. Phase	CL	OP	O/C	CL
Sales Phase	OP	CL	CL	OP

OP-Open Valve CL-Closed Valve  
O/C - Can be open or closed

**Note:** The production system is closed with access through sealed valves. The site security plan is available and on file in Denver, CO.

4-28-99  
Field work: JAS  
Drawing: JEP  
No Scale



**RECEIVED**  
**APR 30 1999**

003

WORKSHEET  
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 02/03/2003

API NO. ASSIGNED: 43-047-33712

WELL NAME: FEDERAL 14-17-10-18

OPERATOR: PENDRAGON ENERGY PTNRS ( N2965 )

CONTACT: JOHN LUCHETTA

PHONE NUMBER: 303-296-9402

## PROPOSED LOCATION:

SESW 17 100S 180E

SURFACE: 0607 FSL 2077 FWL

BOTTOM: 0607 FSL 2077 FWL

UINTAH

UTELAND BUTTE ( 695 )

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU74407

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: GRRV

INSPECT LOCATN BY: / /

Tech Review

Initials

Date

Engineering

Geology

Surface

LATITUDE: 39.93827

LONGITUDE: 109.91896

## RECEIVED AND/OR REVIEWED:

☒ Plat☒ Bond: Fed[1] Ind[] Sta[] Fee[]  
(No. UT1167 )☒ Potash (Y/N)☒ Oil Shale 190-5 (B) or 190-3 or 190-13☒ Water Permit

(No. 43-1723 )

☒ RDCC Review (Y/N)

(Date: )

☒ Fee Surf Agreement (Y/N)

## LOCATION AND SITING:

R649-2-3.

Unit

☒ R649-3-2. General

Siting: 460 From Qtr/Qtr &amp; 920' Between Wells

R649-3-3. Exception

Drilling Unit

Board Cause No:

Eff Date:

Siting:

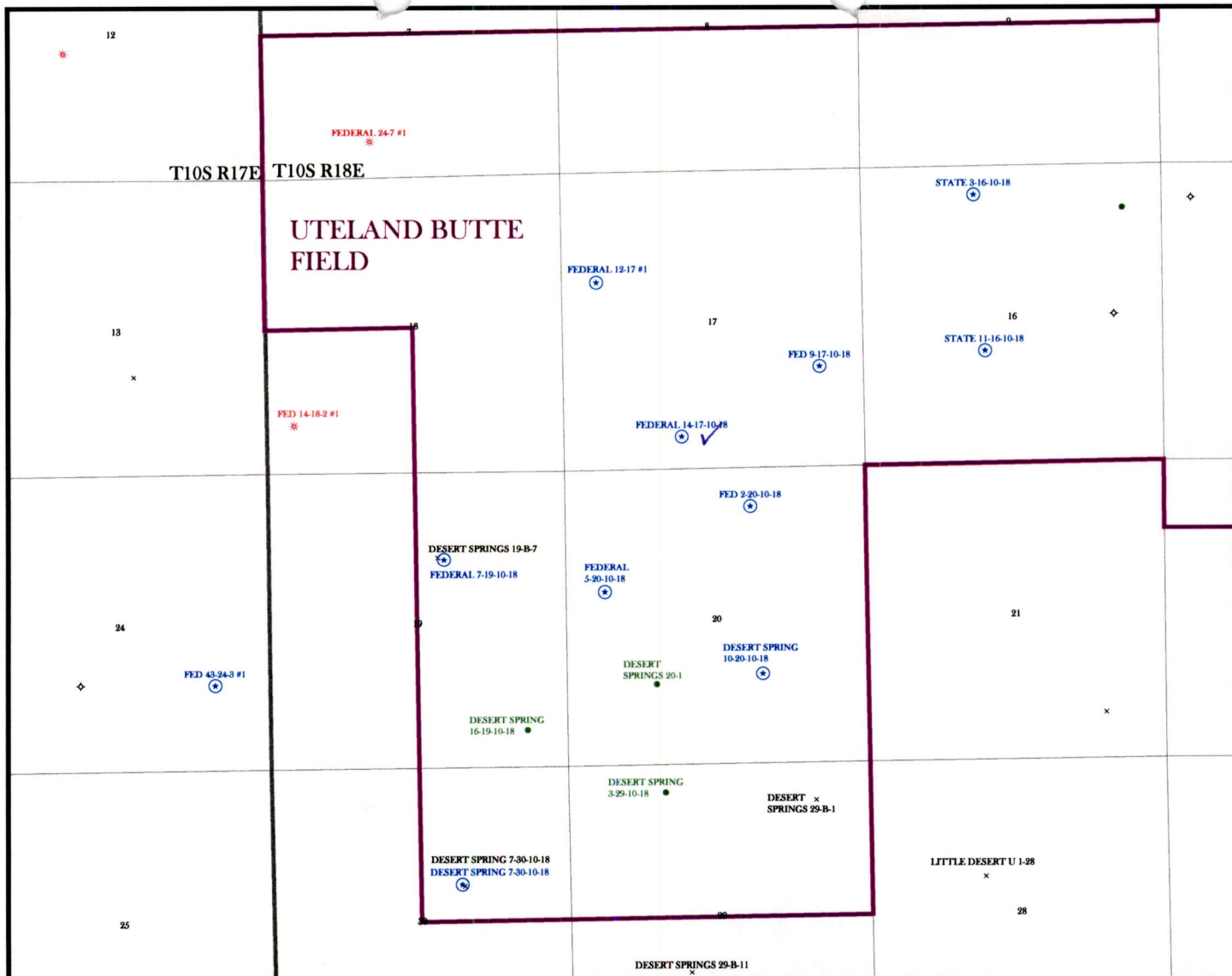
R649-3-11. Directional Drill

## COMMENTS:

## STIPULATIONS:

1- Federal Approval  
2- Spacing Slip





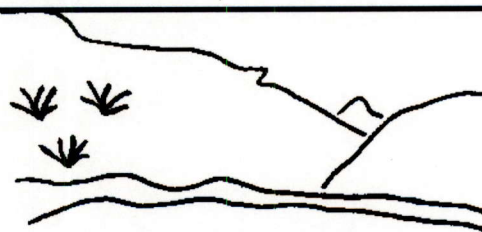
OPERATOR: PENDRAGON ENERGY (N2965)

SEC. 17 T10S, R18E

FIELD: UTE LAND BUTTE (695)

COUNTY: UTAH

SPACING: R649-3-2 / GENERAL SITING



Utah Oil Gas and Mining

#### WELLS

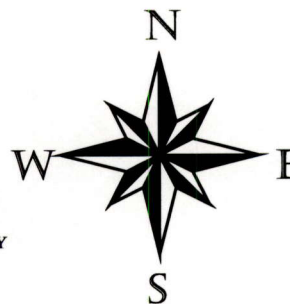
- ⊗ GAS INJECTION
- ⊙ GAS STORAGE
- × LOCATION ABANDONED
- ⊕ NEW LOCATION
- ◇ PLUGGED & ABANDONED
- ⋄ PRODUCING GAS
- PRODUCING OIL
- ⊖ SHUT-IN GAS
- ⊕ SHUT-IN OIL
- × TEMP. ABANDONED
- TEST WELL
- △ WATER INJECTION
- ⬆ WATER SUPPLY
- ⬇ WATER DISPOSAL

#### UNIT STATUS

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

#### FIELD STATUS

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED
- COUNTY BOUNDARY
- SECTION LINES
- TOWNSHIP LINES



PREPARED BY: DIANA MASON  
DATE: 04-FEBRUARY-2003



**State of Utah**  
 DEPARTMENT OF NATURAL RESOURCES  
 DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210  
 PO Box 145801  
 Salt Lake City, Utah 84114-5801  
 (801) 538-5340 telephone  
 (801) 359-3940 fax  
 (801) 538-7223 TTY  
[www.nr.utah.gov](http://www.nr.utah.gov)

Michael O. Leavitt  
 Governor

Robert L. Morgan  
 Executive Director

Lowell P. Braxton  
 Division Director

February 5, 2003

Pendragon Energy Partners, Inc  
 621 17th Street, Suite 750  
 Denver, CO 80293

Re: Federal 14-17-10-18 Well, 607' FSL, 2077' FWL, SE SW, Sec. 17, T. 10 South,  
 R. 18 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-33712.

Sincerely,

John R. Baza  
 Associate Director

pb

Enclosures

cc: Uintah County Assessor  
 Bureau of Land Management, Vernal District Office

**Operator:** Pendragon Energy Partners, Inc  
**Well Name & Number** Federal 14-17-10-18  
**API Number:** 43-047-33712  
**Lease:** UTU74407

**Location:** SE SW      **Sec.** 17      **T.** 10 South      **R.** 18 East

### **Conditions of Approval**

**1. General**

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

**2. Notification Requirements**

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

**3. Reporting Requirements**

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

**4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.**

**5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.**

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED

FEB 03 REC'D

005

## APPLICATION FOR PERMIT TO DRILL OR REENTER

Certification: I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route; that I am familiar with the conditions which recently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the proposed operations herein will be performed by Pendragon Energy Partners, Inc., its contractors and subcontractors, Pendragon Energy Partners, Inc. will operate the lease under Flood & Peterson Federal Bond UT1167. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 20005. Lease Serial No.  
**UTU74407**6. If Indian, Allottee or Tribe Name  
**N/A**7. If Unit or CA Agreement, Name and No.  
**N/A**8. Lease Name and Well No.  
**Federal No. 14-17-10-18**

9. API Well No.

10. Field and Pool, or Exploratory  
**Uteland Butte**11. Sec., T., R., M. or Blk. and Survey or Area  
**Sec. 17, T10S, 18E, SLB&M**  
**SE SW Sec 17**12. County or Parish  
**Uintah**13. State  
**Utah**1a. Type of Work: ☒ DRILL☐ REENTER1b. Type of Well: ☒ Oil Well☐ Gas Well☐ Other☐ Single Zone☐ Multiple Zone

2. Name Of Operator

**Pendragon Energy Partners, Inc.**

3a. Address

**621 17th Street, Suite 750, Denver CO 80293**

3 b. Phone No. (include area code)

**303 296 9402**

4. Location of Well (Report location clearly &amp; in accordance w/State requirements\*)

At Surface **2077' FWL 607' FSL, Sec 17**

At proposed prod zone

14. Distance in miles and direction from nearest town or post office \*

**See Topo Map "A" (Attached) Approximatley 30 miles from Myton, Utah**15. Distance from proposed\*  
location to nearest  
property or lease line, ft.  
(Also to nearest drlg. unit line, if any)**607' FSL**16. No. of Acres in lease  
**640**17. Spacing Unit dedicated to this well  
**40**18. Distance from proposed location  
to nearest well drilling, completed,  
applied for in this lease, ft.19. Proposed Depth  
**4,900'**20. BLM/BIA Bond No. on file  
**UT1167**

21. Elevations ( Show whether D, KDB, RT, GL etc.)

**5,230.8 GR**

22. Approximate date work will start\*

**ASAP**

23. Estimated Duration

**60 days**

## 24. Attachments

The following, completed in accordance with the requirements of On shore Oil and Gas Order No.1 shall be attached to this form:

**Uintah Engineering-attached**

- Well plat certified by a registered surveyor.
- A Drilling Plan **Exhibit B**
- A Surface Use Plan (if the location is on National forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

- Bond to cover the operations unless covered by an existing bond on file (see item 20 above). **UT1167**

- Operator certification. **See Surface Use Plan**

- Such other site specific information and documents as may be required by the authorized officer. **See Surface Use Plan**

25. Signature

Name (Printed /Typed)

**John Luchetta**

Date

**12-31-02**

Title

**Agent**

DIV. OF OIL, GAS &amp; MINING

Approved by (Signature)

Name (Printed/Typed)

**Edwin J. FORSMAN**

Date

**6/16/03**

Title

**Assistant Field Manager  
Mineral Resources**

Office

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Conditions of approval, if any, are attached

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212 make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\* Instructions on reverse side

Exhibits: **03P50289A****A: Survey Plat****B: 10-Point Plan****C: BOP Diagram****D: 13 Point Surface Use****E: Topo Map A****E2:Topo Map B****F: Location Layout****G: Rig & Layout****G2:Cut & Fill Diagram****H: Existing Well Map****K: Cultural report (To Follow)****K1 Facilities****K2 Facilities**

CONDITIONS OF APPROVAL  
APPLICATION FOR PERMIT TO DRILL

Company/Operator: Pendragon Energy Partners, Inc.

Well Name & Number: Federal 14-17-10-18

API Number: 43-047-33712

Lease No: U-74407

Location: SESW Sec. 17 T.10S R. 18E

Agreement: N/A /

For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program.

**CONDITIONS OF APPROVAL**

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information.

**A. DRILLING PROGRAM**

1. Estimated Depth at Which Oil, Gas, Water, or Other Mineral Bearing Zones are Expected to be Encountered

Report ALL water shows and water-bearing sands to John Mayers of this office **prior to setting the next casing string or requesting plugging orders**. Faxed copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

All usable water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

2. Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a 2M system and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request.

3. Casing Program and Auxiliary Equipment

As a minimum requirement the cement behind the production casing must extend a minimum of 200' above the top of the Mahogany Oil Shale, which has been identified at +1730' ft. The surface casing must be cemented from TD to surface with cement that will achieve a compressive strength of at least 500 psi prior to drilling out the casing shoe.

4. Mud Program and Circulating Medium

None

5. Coring, Logging and Testing Program

A cement bond log (CBL) will be run from the production casing shoe to the top of cement or the surface casing shoe, whichever is encountered first. The CBL shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

**Please submit an electronic copy of all logs run on this well in LAS format. This submission will supercede the requirement for submittal of paper logs to the BLM.**

6. Notifications of Operations

Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

7. Other Information

All loading lines will be placed inside the berm surrounding the tank battery. All off-lease storage, off-lease measurement, or commingling onlease or off-lease will have prior written approval from the AO.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries and tested for meter accuracy at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 for natural gas measurement.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

APD approval is valid for a period of one (1) year from the signature date. An extension period may be granted, if requested, prior to the expiration of the original approval period.

In the event after-hours approvals are necessary, you must contact one of the following individuals:

Ed Forsman (435) 828-7874  
Petroleum Engineer

Kirk Fleetwood (435) 828-7875  
Petroleum Engineer

BLM FAX Machine (435) 781-4410



EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

While the following wastes are nonexempt, they are not necessarily hazardous.

Unused fracturing fluids or acids

Gas plant cooling tower cleaning wastes

Painting wastes

Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids

Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste

Refinery wastes

Liquid and solid wastes generated by crude oil and tank bottom reclaimers

Used equipment lubrication oils

Waste compressor oil, filters, and blowdown

Used hydraulic fluids

Waste solvents

Waste in transportation pipeline-related pits

Caustic or acid cleaners

Boiler cleaning wastes

Boiler refractory bricks

Incinerator ash

Laboratory wastes

Sanitary wastes

Pesticide wastes

Radioactive tracer wastes

Drums, insulation and miscellaneous solids.

**CONDITIONS OF APPROVAL  
FOR THE SURFACE USE PROGRAM OF THE  
APPLICATION FOR PERMIT TO DRILL**

The dirt contractor shall contact Byron Tolman with the Vernal Field Office of Bureau of Land Management (435-781-4482) prior to starting construction to arrange a pre-construction meeting.

The topsoil shall be placed on the north end of the location between corner 2 and the access road. No topsoil shall be place on the west side as shown on the cut sheet since there is a major drainage.

Corner 8 shall be rounded to keep any fill out of the drainage and the entire location shall be narrowed if needed to keep any fill materials out of the drainage.

The reserve pit shall be narrowed and lengthened to avoid making an excessive cut.

The reserve pit shall be lined first with a felt liner, then lined with a nylon reinforced plastic liner at least 12 mils in thickness.

The reserve pit topsoil should be piled separate from the location topsoil.

The location topsoil pile will be seeded immediately after the soil is piled by broadcasting the seed, then walking the topsoil pile with the dozer to plant the seed. The following seed mix shall be used to seed the topsoil, reserve pit and for final reclamation instead of the mix show in the APD:

Gardner saltbush	Atriplex gardneri	4 lbs/acre
Shadscale	Atriplex confertifolia	4 lbs/acre
Galleta grass	Hilaria jamesii	4 lbs/acre

All poundages are in Pure Live Seed.

**Topsoil will not be used for the construction of tank dikes or any other location needs. It shall be left in place for use in the final reclamation process.**

Once the reserve pit is dry, it should be filled, recontoured, topsoil spread, and seeded in the same manner discussed above.

Two culverts shall be installed on the access road (one 24" and the other 36'). Mr. Tolman shall show the dirt contactor where they are to be installed during the pre-construction meeting.

A water diversion dam shall be constructed at corner 4 to divert runoff water around the north end of the location. A ditch shall be constructed along the north side of the location from the diversion dam to corner 2. The topsoil will need to be piled far enough to the north to allow the diversion ditch to carry runoff water between the location and the topsoil.

The operator will control noxious weeds along the access road and on the well location. A list of noxious weeds may be obtained from the BLM, or the appropriate County Extension Office. On BLM administered land it is required that a Pesticide Use Proposal shall be submitted, and given approval, prior to the application of herbicides or other pesticides or possible hazardous chemicals.

Drilling rigs and / or equipment used during drilling operations on this well site will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without BLM authorization. However, if BLM authorization is obtained, it is only a temporary measure to allow time to make arrangements for permanent storage on commercial facilities.

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 6

006

**ENTITY ACTION FORM**

Operator: PENDRAGON ENERGY PARTNERS, INC.  
Address: 621 17th Street, Ste. #750  
Denver, CO 80293

Operator Account Number: N 2965

Phone Number: 303-296-9402

**Well 1**

API Number	Well Name	QQ	Sec	Twp	Rng	County
43-047-33712	Federal #14-17-10-18	SE/SW	17	10S	18E	UINTAH
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date	
A	99999	13860	* 8/17/03		* 8/22/03	
Comments: <i>GRV</i>						

**Well 2**

API Number	Well Name	QQ	Sec	Twp	Rng	County
43-047-33244	FEDERAL #7-19-10-18	SW/NE	19	10S	18E	UINTAH
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date	
A	99999	13853	* 8/5/03		* 8/14/03	
Comments: <i>GRV</i>						

**Well 3**

API Number	Well Name	QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date	
Comments:						

**ACTION CODES:**

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

**RECEIVED**

JUL 28 2003

DIV. OF OIL, GAS & MINING

ALAN B. NICOL

Name (Please Print)

Signature

PRESIDENT

Title

7/23/03

Date

**DIVISION OF OIL, GAS AND MINING****SPUDDING INFORMATION**Name of Company: PENDRAGON ENERGY PTNRS INCWell Name: FEDERAL 14-17-10-18Api No: 43-047-33712 Lease Type: FEDERALSection 17 Township 10S Range 18E County UINTAHDrilling Contractor UNION DRILLING RIG # 14**SPUDDED:**Date 08/17/03Time 5:00 PMHow ROTARY**Drilling will commence:** \_\_\_\_\_Reported by JOHN LUCHETTATelephone # 1-303-278-3347Date 08/18/2003 Signed: CHD

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0135  
Expires November 30, 2000

008

**SUNDRY NOTICES AND REPORT ON WELLS**  
Do not use this form for proposals to drill or to re-enter an  
abandoned well. Use Form 3160-3 (APD) for such proposals.

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

1. Type of Well  
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Pendragon Energy Partners, Inc.

3. Address of Operator

621 17th Street, Suite 750, Denver, Colorado 80293

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

2077' FWL /607' FSL Sec 17 - T10S/R18E SLB&M

5. Lease Serial No. **UTU74407**

6. If Indian, Allottee or Tribe Name  
**N/A**

7. If Unit or CA/Agreement, Name and/or No.  
**N/A**

8. Well Name and No.  
**Federal No. 14-17-10-18**

9. API Well No.  
**43-047-33712**

10. Field and Pool or Exploration Area  
**Uteland Butte**

11. County or Parish, State  
**Uintah, Utah**

**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

**TYPE OF SUBMISSION**

**TYPE OF ACTION**

- ☐ Notice of Intent  
☒ Subsequent Report  
☐ Final Abandonment Notice

- |   |   |  |  |
|---|---|--|--|
| <input type="checkbox"/> Acidize              | <input type="checkbox"/> Deepen           | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off                  |
| <input type="checkbox"/> Alter Casing         | <input type="checkbox"/> Fracture Treat   | <input type="checkbox"/> Reclamation               | <input type="checkbox"/> Well Integrity                  |
| <input type="checkbox"/> Casing Repair        | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete                | <input checked="" type="checkbox"/> Other <b>History</b> |
| <input type="checkbox"/> Change Plans         | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon       |  |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back        | <input type="checkbox"/> Water Disposal            |  |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection).

**July 29/2003: Spud 12 1/4" Hole, set 303' of 8 5/8" casing and cement to surface w/200 sx's of type V.**

**Aug 18/2003: Drill 7 7/8" hole to 1702'.**

**Aug 25, 2003: Core #1, 4676-4706' (30' - recovered 30').**

**Aug 26, 2003: Run logs. Condition hole to run casing and run casing (122 jts of 5 1/2" to 4875')**

**Aug 26, 2003: Cemented casing w/ 135 sx's of prem + 435 sx's of 50/50 Pozmix w/ additives.**

**Sep 12, 2003: Move in completion tools and equipment.**

**Sep 17, 2003: Perforate "C" Shoal section 4694-4698' (17 holes). Pump 210 gals acid @ 1 bpm & 1500 psi.**

**Sep 17, 2003: Pump 18075 lbs 16-30 frac sand in 438 bbls treated water. Set composite frac plug @ 4650'.**

**Sep 17, 2003: Perforate "A" sand @ 4565-4574' (36 holes). Acidize w/500 gals 7 1/2% HCl @ 1000 psi /2 bpm**

**Sep 17, 2003: Pump 25000 lbs 16-30 frac sand w/423 bbls treated water @ 20 bpm-2000 psi.**

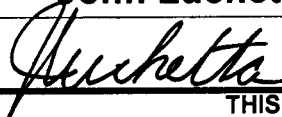
**Oct 20, 2003: Install production equipment. IP = 75 bopd.**

14. I hereby certify that the foregoing is true and correct  
Name (Printed/Typed)

**John Luchetta**

Title **Agent**

Signature



Date **Nov 05, 2003**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

**RECEIVED**

Approved by

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title

Office

Date

**NOV 10 2003**

**DIV. OF OIL, GAS & MINING**

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTFORM APPROVED  
OMB NO. 1004-0137  
Expires: November 30, 2000

## 009 WELL COMPLETION OR RECOMPLETION REPORT &amp; LOG

1a. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Dry ☐ Otherb. Type of completion: ☐ New Well ☒ Work Over ☐ Deepen ☐ Plug Back ☐ Diff Resrv.,

Other

2. Name of Operator **Pendragon Energy Partners, Inc.**3. Address **621 17th Street, Suite 750, Denver CO 80293**3a. Phone No. (include area code)  
**303 296 9402**

4. Location of Well (Report location clearly and in accordance with any State requirements) \*

At surface **2077' FWL/607' FSL Sec 17.**At top prod. interval reported below **Same**At total depth **Same**14. Date Spudded  
**July 29, 2003**15. Date T. D.  
Reached **Aug 25, 2003**16. Date Completed **9-17-2003**☐ D & A ☒ Ready to Prod. ☐8. Lease Name and Well No.  
**Federal 14-17-10-18**9. API Well No.  
**43-047-33712**10. Field and Pool, or Exploratory  
**Uteland Butte**11. Sec., T., R., M., on Block and  
Survey or Area **SE SW 17-10S-18E**12. County or Parish **Uintah** 13. State **Utah**17. Elevations (DF, RKB, RT, GL)  
**5231 GL**18. Total Depth: **4884**MD **4884'**  
TVDPBTD **4828'**

TVD

20. Depth Bridge Plug Set: MD  
TVD

21. Type Electric &amp; Other Mechanical Logs Run (Submit copy of each)

☒ HIR, ☒ SDDSN, ☒ CBL-GR. *Rec 8-29-03*22. Was well cored? ☐ No ☒ Yes (Submit analysis)Was DST run? ☒ No ☐ Yes (Submit report)Directional Survey? ☒ No ☐ Yes (Submit Copy)

23. Casing and Liner Record (Report all strings set in well)

Hole Size	Size/Grade	Wt. (#/ft.)	Top (MD)	Bottom (MD)	Stage Cementer Depth	No. of Sk. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
12 1/4"	8 5/8 J	24	0	313		200 V	35	Surface	
7 7/8"	5 1/2 J	17	0	4875		135 Prem	27		
						435 50/50	78	+/- 500'	

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2 7/8"	4769'	Anchor 4447'						

25. Producing Intervals

Formation	Top	Bottom	Perforated	Size	No. Holes	Perf.
A) "A" Sand	4565'	4574'	4565 - 4574'	0.35"	36	4565-4574'
B) "C" Shoal	4694'	4698'	4694 - 4698'	0.35"	17	4694-4698'
C)						

26. Perforation Record

27. Acid, Fracture Treatment, Cement Squeeze, Etc.

Depth Interval	Amount and Type of Material
"A" Sand	Frac w/25000 lbs 16-30 frac sand + 423 bbls treated water.
"C" Sand	Frac w/18075 lbs 16-30 frac sand + 438 bbls treated water.

28. Production - Interval A

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
10/25/03		24		75					Pumping (commingled in casing)
Choke Size	Tbg Press Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	

28a. Production - Interval B

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg SI.	Csg. Press	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	

RECEIVED

NOV 10 2003

DIV. OF OIL, GAS &amp; MINING

## 28b. Production - Interval C

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	

## 28c. Production - Interval D

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	

## 29. Disposition of Gas (Sold, used for fuel, vented, etc.)

## 30. Summary of Porous Zones (Include Aquifers):

Show all important zones of porosity and contents thereof. Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

Formation	Top	Descriptions, Contents, etc.	Name	Name	Measured Depth
"A" Sand	4565'	Sandstone			
"C" Shoal	4694'	Dolomite			

## 31. Formation (Log) Markers

## 32. Additional remarks (include plugging procedure):

## 33. Circle enclosed attachments:

1. Electrical/Mechanical Logs (1 full set req'd)      2. Geological Report      3. DST Report      4. Directional Survey  
 5. Sundry Notice for plugging and cement verification      6. Core Analysis      7. Other:

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)\*

Name (Please Print) **John Luchetta**

Title **Agent**

Signature *John Luchetta*

Date **Nov 5, 2003**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212 make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.



010

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

**ENTITY ACTION FORM**

Operator: PENDRAGON ENERGY PARTNERS, INC.

Operator Account Number: N 2965

Address: 621 17 TH STREET, STE. 750

city DENVER

state CO

zip 80293

Phone Number: (303) 296-9402

**Well 1**

API Number	Well Name	QQ	Sec	Twp	Rng	County
047-33712	FEDERAL #14-17-10-18	SESW	17	10S	18E	UINTAH
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
E	13860	14366		11/4/04		
<p>Comments: EFFECTIVE 9/1/04 PART OF UTELAND BUTTE WATERFLOOD  <i>GRV</i> <i>eff 9/1/04</i></p>						

**Well 2**

API Number	Well Name	QQ	Sec	Twp	Rng	County
047-34134	FEDERAL #2-20-10-18	NWNE	20	10S	18E	UINTAH
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
E	13735	14366		11/4/04		
<p>Comments: EFFECTIVE 9/1/04 PART OF UTELAND BUTTE WATERFLOOD  <i>GRV</i> <i>eff 9/1/04</i></p>						

**Well 3**

API Number	Well Name	QQ	Sec	Twp	Rng	County
047-33245	FEDERAL #5-20-10-18	SUNNY	20	10S	18E	UINTAH
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
E	13863	14366		11/4/04		
<p>Comments: EFFECTIVE 9/1/04 PART OF UTELAND BUTTE WATERFLOOD  <i>GRV</i> <i>eff 9/1/04</i></p>						

**ACTION CODES:**

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

JANEEN FRITTS

Name (Please Print)

Signature  
ADMIN SECY

Title

*Janeen Fritts*  
11/04/04  
Date

RECEIVED

NOV 04 2004

DIV. OF OIL, GAS & MINING

**Division of Oil, Gas and Mining**  
**OPERATOR CHANGE WORKSHEET**

**ROUTING**

1. DJJ

2. CDW

**X - Change of Operator (Well Sold)**

Operator Name Change/Merger

The operator of the well(s) listed below has changed, effective:

**12/15/2009**

**FROM: (Old Operator):**

N2965-Pendragon Energy Partners, Inc.  
 468 South Reed St.  
 Lakewood, CO 80226

Phone: 1 (303) 296-9402

**TO: (New Operator):**

N5085-Questar E&P Company  
 1050 17th St, Suite 500  
 Denver, CO 80265

Phone: 1 (303) 672-6900

CA No.				Unit:		UTELAND BUTTE (GRRV)		
WELL NAME	SEC TWN RNG			API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SEE ATTACHED LIST								

**OPERATOR CHANGES DOCUMENTATION**

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 12/24/2009
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 12/24/2009
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 1/20/2010
- a. Is the new operator registered in the State of Utah: Business Number: 764611-0143
- a. (R649-9-2) Waste Management Plan has been received on: IN PLACE
- b. Inspections of LA PA state/fee well sites complete on: 1/12/2010 ok per DJJ
- c. Reports current for Production/Disposition & Sundries on: ok
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM not yet BIA
- Federal and Indian Units:**  
The BLM or BIA has approved the successor of unit operator for wells listed on: not yet
- Federal and Indian Communization Agreements ("CA"):**  
The BLM or BIA has approved the operator for all wells listed within a CA on: n/a
- Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: 1/12/2010

**DATA ENTRY:**

- Changes entered in the **Oil and Gas Database** on: 1/20/2010
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 1/20/2010
- Bond information entered in RBDMS on: 1/20/2010
- Fee/State wells attached to bond in RBDMS on: 1/20/2010
- Injection Projects to new operator in RBDMS on: 1/20/2010
- Receipt of Acceptance of Drilling Procedures for APD/New on: n/a

**BOND VERIFICATION:**

- Federal well(s) covered by Bond Number: ESB000024
- Indian well(s) covered by Bond Number: n/a
- a. (R649-3-1) The **NEW** operator of any state/fee well(s) listed covered by Bond Number 965003033
- b. The **FORMER** operator has requested a release of liability from their bond on: not yet

**LEASE INTEREST OWNER NOTIFICATION:**

- (R649-2-10) The **NEW** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: n/a

**COMMENTS:**

Pendragon (N2965) to Questar Exploration Production (N5085)

DESERT SPRINGS 20-1	20	100S	180E	4304732052	14366	FEDERAL	OW	S	UTU-74836
DESERT SPRING 3-29-10-18	29	100S	180E	4304733162	14366	FEDERAL	OW	P	U-74836
DESERT SPRING 16-19-10-18	19	100S	180E	4304733164	14366	FEDERAL	OW	P	U-74408
FEDERAL 7-19-10-18	19	100S	180E	4304733244	14366	FEDERAL	WS	A	UTU74408
FEDERAL 5-20-10-18	20	100S	180E	4304733245	14366	FEDERAL	WI	A	UTU74836
FEDERAL 14-17-10-18	17	100S	180E	4304733712	14366	FEDERAL	OW	S	UTU74407
FED 2-20-10-18	20	100S	180E	4304734134	14366	FEDERAL	OW	P	UTU-0182660-A
FED 9-17-10-18	17	100S	180E	4304734135	14366	FEDERAL	WI	A	UTU-77407
DESERT SPRING 7-30-10-18	30	100S	180E	4304734760	14366	FEDERAL	OW	S	U74408
STATE 1-16-10-18	16	100S	180E	4304733807	14366	STATE	OW	P	ML-45175
STATE 3-16-10-18	16	100S	180E	4304734766	14366	STATE	OW	P	ML 45175
STATE 11-16-10-18	16	100S	180E	4304734767	14366	STATE	OW	P	ML 45175

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS


Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: U-74407
2. NAME OF OPERATOR: Questar Exploration & Production Company N5085		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 1050 17th Street Suite 500 CITY Denver STATE CO ZIP 80265		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 607' FSL, 2077' FWL QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 17 10S 18E S		8. WELL NAME and NUMBER: Federal 14-17-10-18
PHONE NUMBER: (303) 672-6900		9. API NUMBER: 4304733712
		10. FIELD AND POOL, OR WILDCAT: Uteland Butte
		COUNTY: Uintah
		STATE: UTAH

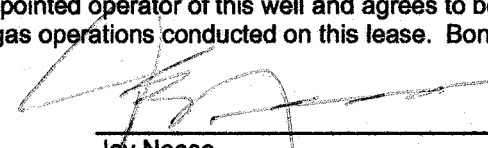
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Effective 12/15/09 Questar Exploration & Production Company was appointed operator of this well and agrees to be responsible under the terms and conditions of the lease for all oil and gas operations conducted on this lease. Bond coverage is provided by our bond # 965-003-033.

  
Alan B. Nicol  
President  
Pendragon Energy Partners, Inc.  
468 South Reed Street  
Lakewood, CO 80226  
(303) 296-9402

12/15/09  
Date  
N2965

  
Jay Neese  
Executive Vice President  
Questar Exploration and Production Company  
1050 17th Street, Suite 500  
Denver, CO 80265

12-15-2009  
Date

NAME (PLEASE PRINT) Chad Matney

TITLE Landman

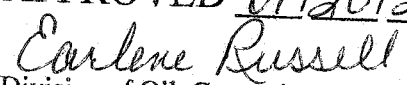
SIGNATURE 

DATE 12-15-2009

(This space for State use only)

APPROVED 01/20/2010

(5/2000)

  
Earlene Russell  
Division of Oil, Gas and Mining  
Earlene Russell, Engineering Technician

(See Instructions on Reverse Side)

RECEIVED

DEC 24 2009

DIV. OF OIL, GAS & MINING

Division of Oil, Gas and Mining  
**OPERATOR CHANGE WORKSHEET** (for state use only)

ROUTING  
 CDW

Change of Operator (Well Sold)

**X - Operator Name Change**

The operator of the well(s) listed below has changed, effective:

**6/14/2010**

<b>FROM: (Old Operator):</b> N5085-Questar Exploration and Production Company 1050 17th St, Suite 500 Denver, CO 80265  Phone: 1 (303) 308-3048	<b>TO: ( New Operator):</b> N3700-QEP Energy Company 1050 17th St, Suite 500 Denver, CO 80265  Phone: 1 (303) 308-3048
--	---

CA No.

Unit:

UTELAND BUTTE (GRRV)

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SEE ATTACHED								

**OPERATOR CHANGES DOCUMENTATION**

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 6/28/2010
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 6/28/2010
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 6/24/2010
- a. Is the new operator registered in the State of Utah: Business Number: 764611-0143
- a. (R649-9-2) Waste Management Plan has been received on: Requested
- b. Inspections of LA PA state/fee well sites complete on: n/a
- c. Reports current for Production/Disposition & Sundries on: ok
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM 8/16/2010 BIA not yet
- Federal and Indian Units:**  
The BLM or BIA has approved the successor of unit operator for wells listed on: 8/16/2010
- Federal and Indian Communization Agreements ("CA"):**  
The BLM or BIA has approved the operator for all wells listed within a CA on: N/A
- Underground Injection Control ("UIC")** Division has approved UIC Form 5 Transfer of Authority to Inject, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: 6/29/2010

**DATA ENTRY:**

- Changes entered in the **Oil and Gas Database** on: 6/30/2010
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 6/30/2010
- Bond information entered in RBDMS on: 6/30/2010
- Fee/State wells attached to bond in RBDMS on: 6/30/2010
- Injection Projects to new operator in RBDMS on: 6/30/2010
- Receipt of Acceptance of Drilling Procedures for APD/New on: n/a

**BOND VERIFICATION:**

- Federal well(s) covered by Bond Number: ESB000024
- Indian well(s) covered by Bond Number: 965010693
- a. (R649-3-1) The **NEW** operator of any state/fee well(s) listed covered by Bond Number 965010695
- b. The **FORMER** operator has requested a release of liability from their bond on: n/a

**LEASE INTEREST OWNER NOTIFICATION:**

- (R649-2-10) The **NEW** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: n/a

**COMMENTS:**

Questar Exploration Production Company (N5085) to QEP Energy Company (N3700)  
 UTELAND BUTTE (GRRV)  
 effective June 14, 2010

well_name	sec	twp	rng	api	entity	mineral lease	type	stat
DESERT SPRINGS 20-1	20	100S	180E	4304732052	14366	Federal	OW	P
DESERT SPRING 3-29-10-18	29	100S	180E	4304733162	14366	Federal	OW	P
DESERT SPRING 16-19-10-18	19	100S	180E	4304733164	14366	Federal	OW	P
FEDERAL 14-17-10-18	17	100S	180E	4304733712	14366	Federal	OW	P
STATE 1-16-10-18	16	100S	180E	4304733807	14366	State	OW	P
FED 2-20-10-18	20	100S	180E	4304734134	14366	Federal	OW	P
DESERT SPRING 7-30-10-18	30	100S	180E	4304734760	14366	Federal	OW	P
STATE 3-16-10-18	16	100S	180E	4304734766	14366	State	OW	P
STATE 11-16-10-18	16	100S	180E	4304734767	14366	State	OW	P

Bonds: BLM = ESB000024  
 BIA = 956010693  
 State = 965010695

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: See attached
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: See attached
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME: See attached
2. NAME OF OPERATOR: Questar Exploration and Production Company <i>N5085</i>		8. WELL NAME and NUMBER: See attached
3. ADDRESS OF OPERATOR: 1050 17th Street, Suite 500    Denver    STATE CO    ZIP 80265		9. API NUMBER: Attached
4. LOCATION OF WELL FOOTAGES AT SURFACE: See attached		10. FIELD AND POOL, OR WILDCAT: See attached
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:		COUNTY: Attached  STATE: UTAH

11 CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate)  Approximate date work will start: <u>6/14/2010</u>	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> DEEPEN <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> PLUG BACK <input type="checkbox"/> PRODUCTION (START/RESUME) <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	<input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> WATER SHUT-OFF <input checked="" type="checkbox"/> OTHER: <u>Operator Name Change</u>
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only)  Date of work completion: _____			

12 DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Effective June 14, 2010 Questar Exploration and Production Company changed its name to QEP Energy Company. This name change involves only an internal corporate name change and no third party change of operator is involved. The same employees will continue to be responsible for operations of the properties described on the attached list. All operations will continue to be covered by bond numbers:

Federal Bond Number: 965002976 (BLM Reference No. ESB000024) *N3700*

Utah State Bond Number: ~~965003033~~

Fee Land Bond Number: ~~965003033~~ *965010695*

BIA Bond Number: ~~799446~~ *965010693*

The attached document is an all inclusive list of the wells operated by Questar Exploration and Production Company. As of June 14, 2010 QEP Energy Company assumes all rights, duties and obligations as operator of the properties as described on the list

NAME (PLEASE PRINT) <u>Morgan Anderson</u>	TITLE <u>Regulatory Affairs Analyst</u>
SIGNATURE <i>Morgan Anderson</i>	DATE <u>6/23/2010</u>

(This space for State use only)

**RECEIVED**

**JUN 28 2010**

**DIV. OF OIL, GAS & MINING**

(See Instructions on Reverse Side)

**APPROVED** *6/30/2009*  
*Earlene Russell*  
**Division of Oil, Gas and Mining**  
**Earlene Russell, Engineering Technician**



## United States Department of the Interior

### BUREAU OF LAND MANAGEMENT

Utah State Office  
P.O. Box 45155  
Salt Lake City, UT 84145-0155  
<http://www.blm.gov/ut/st/en.html>



IN REPLY REFER TO:  
3100  
(UT-922)

JUL 28 2010

#### Memorandum

To: Vernal Field Office, Price Field Office, Moab Field Office  
From: Chief, Branch of Minerals *Roger L Bankert*  
Subject: Name Change Recognized

Attached is a copy of the Certificate of Name Change issued by the Texas Secretary of State and a decision letter recognizing the name change from the Eastern States Office. We have updated our records to reflect the name change in the attached list of leases.

The name change from **Questar Exploration and Production Company** into **QEP Energy Company** is effective June 8, 2010.

cc: MMS  
UDOGM

RECEIVED

AUG 16 2010

DIV. OF OIL, GAS & MINERALS